

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DEC 6 1982

Dear Sir or Madam:

Your application for exemption from federal income tax as an organization described in Section 501(c)(2) of the Internal Revenue Code has been given consideration.

The information submitted discloses that you were incorporated under the nonprofit laws of the State of [REDACTED] on [REDACTED]. Article III of your Articles of Incorporation provides that the purposes for which you were formed are, in part, "to provide an entity pursuant to [REDACTED], hereinafter called the Condominium Property Act, for the operation of [REDACTED], a Condominium..."

Your activities consist of care, upkeep, and surveillance of the project and common areas, including but not limited to lawn care, snow removal, area lighting, security and general improvement of the common areas for the benefit and enjoyment of the unit owners. Your income is from gross dues and assessments of members and expenditures are made for electric, water, lawn chemicals, grass mowing, snow removal, taxes, and insurance. You hold no title to property.

Section 501(a) of the Internal Revenue Code of 1954 provides for the exemption of certain organizations described in subsection 501(c).

(2) Corporations organized for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount thereof, less expenses, to an organization which is itself exempt under this section.

Since you are not a corporation organized and operated for the exclusive purpose of holding title to property for an organization that is itself exempt under Section 501(a) of the Code, collecting income from the property, and turning over the entire amount of such income, less expenses, to the organization, it is our conclusion that you do not qualify for exemption as an organization described in Section 501(c)(2) of the Code.

[REDACTED] 11/30/82 [REDACTED] 11/30/82 [REDACTED] 12/2/82

[REDACTED]

We have also considered your Form 1024, Application for Recognition of Exemption, under Section 501(c)(4) of the Internal Revenue Code.

Section 501(a) of the Internal Revenue Code of 1954 provides for the exemption of certain organizations described in subsection 501(c).

(4) Civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare or local associations of employees, the membership of which is limited to the employees of a designated person or persons in a particular municipality and the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes.

The Internal Revenue Service takes the position that in order for an organization to qualify for exemption from federal income tax as a social welfare organization described in Section 501(c)(4) of the Code, it must be primarily engaged in promoting in some way the common good and general welfare of the community as a whole.

Revenue Ruling 74-17, 1974-1 C.B., 130, held that an organization formed by the unit owners of a condominium housing project to provide for the management, maintenance, and care of the common areas of the project, as defined by State statute does not qualify for exemption under Section 501(c)(4) of the Internal Revenue Code.

Based on the information submitted in your Form 1024, it appears that you are not primarily engaged in promoting the common good and general welfare of the people of the community.

Therefore, we have concluded that you do not qualify as an organization described in Section 501(c)(4) of the Code.

You are required to file federal income tax returns annually on Form 1120-H.

If you do not agree with these conclusions, you may, within 30 days from the date of this proposed adverse determination letter, appeal to the Regional Office through this Key District Office. Your appeal should contain the information described under Regional Office Appeal in the enclosed Publication 892, and should be mailed to this office.

[REDACTED]

The Regional Office will let you know what action they take, and will set a date and place for any conference to be held. If a written protest is not received within the above time period this determination letter will be final.

This is a determination letter.

Sincerely yours,

Signed [REDACTED]

[REDACTED]
District Director